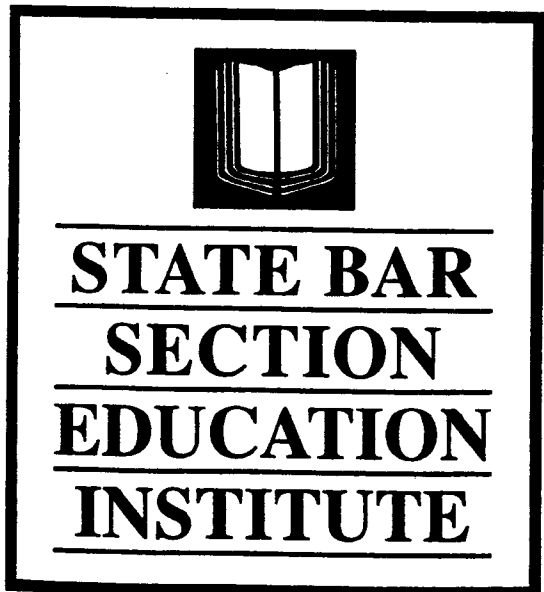


Program #10

Forming a California Professional Corporation

**Friday, January 18, 2002
1:45 p.m. - 2:45 p.m.**



**January 18-20, 2002
Westin Horton Plaza Hotel,
San Diego**

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Forming a California Professional Corporation

**Carol Lucas and Christine Hall
Co-Chairs, Ad Hoc Committee on Health Law
California State Bar 2002 Section Education Institute
January 18, 2002**

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Attachment A

Forming a Medical Professional Corporation

Dr. Jekyll is a well known bariatrician (weight loss doctor) with a thriving medical practice. Dr. Jekyll is considering incorporating because he fears that one day one of his patients is going to “crump” and does not want his personal assets exposed to a malpractice claim.

Dr. Jekyll meets up with Dr. Mollar (a wealthy dentist), Dr. Pepper (a primary care physician), Nurse Wretched (a registered nurse) and Bill Bucks (a print shop owner and “Waist Watchers” weight-loss clinic franchisee). After discussing their mutual interests, Jekyll, Mollar, Pepper, Wretched and Bucks seek your assistance in forming a medical professional corporation.

Dr. Jekyll has hired you as his attorney to assist in the formation of his new professional corporation, to be named “Losers are Winners, P.C.” After reviewing the situation, you are now asked to “make it happen – cheap.”

Appendix A
CALIFORNIA CORPORATIONS CODE
SECTION 13400-13410

13400. This part shall be known and may be cited as the "Moscone-Knox Professional Corporation Act."

13401. As used in this part:

(a) "Professional services" means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act.

(b) "Professional corporation" means a corporation organized under the General Corporation Law or pursuant to subdivision (b) of Section 13406 that is engaged in rendering professional services in a single profession, except as otherwise authorized in Section 13401.5, pursuant to a certificate of registration issued by the governmental agency regulating the profession as herein provided and that in its practice or business designates itself as a professional or other corporation as may be required by statute. However, any professional corporation or foreign professional corporation rendering professional services by persons duly licensed by the Medical Board of California or any examining committee under the jurisdiction of the board, the Osteopathic Medical Board of California, the Dental Board of California, the California State Board of Pharmacy, the Veterinary Medical Board, the California Architects Board, the Court Reporters Board of California, the Board of Behavioral Sciences, or the Board of Registered Nursing shall not be required to obtain a certificate of registration in order to render those professional services.

(c) "Foreign professional corporation" means a corporation organized under the laws of a state of the United States other than this state that is engaged in a profession of a type for which there is authorization in the Business and Professions Code for the performance of professional services by a foreign professional corporation.

(d) "Licensed person" means any natural person who is duly licensed under the provisions of the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act to render the same professional services as are or will be rendered by the professional corporation or foreign professional corporation of which he or she is or intends to become, an officer, director, shareholder, or

employee.

(e) "Disqualified person" means a licensed person who for any reason becomes legally disqualified (temporarily or permanently) to render the professional services that the particular professional corporation or foreign professional corporation of which he or she is an officer, director, shareholder, or employee is or was rendering.

13401.3. As used in this part, "professional services" also means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Yacht and Ship Brokers Act (Article 2 (commencing with Section 700) of Chapter 5 of Division 3 of the Harbors and Navigations Code).

13401.5. Notwithstanding subdivision (d) of Section 13401 and any other provision of law, the following licensed persons may be shareholders, officers, directors, or professional employees of the professional corporations designated in this section so long as the sum of all shares owned by those licensed persons does not exceed 49 percent of the total number of shares of the professional corporation so designated herein, and so long as the number of those licensed persons owning shares in the professional corporation so designated herein does not exceed the number of persons licensed by the governmental agency regulating the designated professional corporation:

(a) Medical corporation.

(1) Licensed doctors of podiatric medicine.

(2) Licensed psychologists.

(3) Registered nurses.

(4) Licensed optometrists.

(5) Licensed marriage, family, and child counselors.

(6) Licensed clinical social workers.

(7) Licensed physician assistants.

(8) Licensed chiropractors.

(9) Licensed acupuncturists.

(b) Podiatric medical corporation.

(1) Licensed physicians and surgeons.

(2) Licensed psychologists.

(3) Registered nurses.

(4) Licensed optometrists.

(5) Licensed chiropractors.

(6) Licensed acupuncturists.

(c) Psychological corporation.

(1) Licensed physicians and surgeons.

- (2) Licensed doctors of podiatric medicine.
- (3) Registered nurses.
- (4) Licensed optometrists.
- (5) Licensed marriage, family, and child counselors.
- (6) Licensed clinical social workers.
- (7) Licensed chiropractors.
- (8) Licensed acupuncturists.
- (d) Speech-language pathology corporation.
- (1) Licensed audiologists.
- (e) Audiology corporation.
- (1) Licensed speech-language pathologists.
- (f) Nursing corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed doctors of podiatric medicine.
- (3) Licensed psychologists.
- (4) Licensed optometrists.
- (5) Licensed marriage, family, and child counselors.
- (6) Licensed clinical social workers.
- (7) Licensed physician assistants.
- (8) Licensed chiropractors.
- (9) Licensed acupuncturists.
- (g) Marriage, family, and child counseling corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed psychologists.
- (3) Licensed clinical social workers.
- (4) Registered nurses.
- (5) Licensed chiropractors.
- (6) Licensed acupuncturists.
- (h) Licensed clinical social worker corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed psychologists.
- (3) Licensed marriage, family, and child counselors.
- (4) Registered nurses.
- (5) Licensed chiropractors.
- (6) Licensed acupuncturists.
- (i) Physician assistants corporation.
- (1) Licensed physicians and surgeons.
- (2) Registered nurses.
- (3) Licensed acupuncturists.
- (j) Optometric corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed doctors of podiatric medicine.
- (3) Licensed psychologists.
- (4) Registered nurses.
- (5) Licensed chiropractors.

- (6) Licensed acupuncturists.
- (k) Chiropractic corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed doctors of podiatric medicine.
- (3) Licensed psychologists.
- (4) Registered nurses.
- (5) Licensed optometrists.
- (6) Licensed marriage, family, and child counselors.
- (7) Licensed clinical social workers.
- (8) Licensed acupuncturists.
- (l) Acupuncture corporation.
- (1) Licensed physicians and surgeons.
- (2) Licensed doctors of podiatric medicine.
- (3) Licensed psychologists.
- (4) Registered nurses.
- (5) Licensed optometrists.
- (6) Licensed marriage, family, and child counselors.
- (7) Licensed clinical social workers.
- (8) Licensed physician assistants.
- (9) Licensed chiropractors.

13402. (a) This part shall not apply to any corporation now in existence or hereafter organized which may lawfully render professional services other than pursuant to this part, nor shall anything herein contained alter or affect any right or privilege, whether under any existing or future provision of the Business and Professions Code or otherwise, in terms permitting or not prohibiting performance of professional services through the use of any form of corporation permitted by the General Corporation Law.

(b) The conduct of a business in this state by a corporation pursuant to a license or registration issued under any state law, except laws relating to taxation, shall not be considered to be the conduct of a business as a professional corporation if the business is conducted by, and the license or registration is issued to, a corporation which is not a professional corporation within the meaning of this part, whether or not a professional corporation could conduct the same business, or portions of the same business, as a professional corporation.

13403. The provisions of the General Corporation Law shall apply to professional corporations, except where such provisions are in conflict with or inconsistent with the provisions of this part. A

professional corporation which has only one shareholder need have only one director who shall be such shareholder and who shall also serve as the president and treasurer of the corporation. The other officers of the corporation in such situation need not be licensed persons. A professional corporation which has only two shareholders need have only two directors who shall be such shareholders. The two shareholders between them shall fill the offices of president, vice president, secretary and treasurer.

A professional medical corporation may establish in its articles or bylaws the manner in which its directors are selected and removed, their powers, duties, and compensation. Each term of office may not exceed three years. Notwithstanding the foregoing, the articles or bylaws of a professional medical corporation with more than 200 shareholders may provide that directors who are officers of the corporation or who are responsible for the management of all medical services at one or more medical centers may have terms of office, as directors, of up to six years; however, no more than 50 percent of the members of the board, plus one additional member of the board, may have six-year terms of office.

13404. A corporation may be formed under the General Corporation Law or pursuant to subdivision (b) of Section 13406 for the purposes of qualifying as a professional corporation in the manner provided in this part and rendering professional services. The articles of incorporation of a professional corporation shall contain a specific statement that the corporation is a professional corporation within the meaning of this part. Except as provided in subdivision (b) of Section 13401, no professional corporation shall render professional services in this state without a currently effective certificate of registration issued by the governmental agency regulating the profession in which such corporation is or proposes to be engaged, pursuant to the applicable provisions of the Business and Professions Code or the Chiropractic Act expressly authorizing such professional services to be rendered by a professional corporation.

13404.5. (a) A foreign professional corporation may qualify as a foreign corporation to transact intrastate business in this state in accordance with Chapter 21 (commencing with Section 2100) of Division 1. A foreign professional corporation shall be subject to the provisions of the General Corporation Law applicable to foreign corporations, except where those provisions are in conflict with or inconsistent with the provisions of this part. The statement and designation filed by the foreign professional corporation pursuant to

Section 2105 shall contain a specific statement that the corporation is a foreign professional corporation within the meaning of this part.

(b) No foreign professional corporation shall render professional services in this state without a currently effective certificate of registration issued by the governmental agency regulating the profession in which that corporation proposes to be engaged, pursuant to the applicable provisions of the Business and Professions Code expressly authorizing those professional services to be rendered by a foreign professional corporation.

(c) If the California board, commission, or other agency that prescribes the rules or regulations governing a particular profession either now or hereafter requires that the shareholders of the professional corporation bear any degree of personal liability for the acts of the corporation, either by personal guarantee or in some other form that the governing agency prescribes, the shareholders of a foreign corporation that has been qualified to do business in this state in the same profession shall, as a condition of doing business in this state, be subject, with regard to the rendering of professional services by the professional corporation in California, or for California residents, to the same degree of personal liability, if any, as is prescribed by the governing agency for shareholders of a California professional corporation rendering services in the same profession.

(d) Each application by a foreign professional corporation to qualify to do business in this state shall contain the following statement:

"The shareholders of the undersigned foreign professional corporation shall be subject, with regard to the rendering of professional services by the professional corporation in California, or for California residents, to the same degree of personal liability, if any, in California as is from time to time prescribed by the agency governing the profession in this state for shareholders in a California professional corporation rendering services in the same profession. This application accordingly constitutes a submission to the jurisdiction of the courts of California to the same extent, but only to the same extent, as applies to the shareholders of a California professional corporation in the same profession. The foregoing submission to jurisdiction is a condition of qualification to do business in this state."

13405. (a) Subject to the provisions of Section 13404, a professional corporation may lawfully render professional services in this state, but only through employees who are licensed persons.

The corporation may employ persons not so licensed, but such persons shall not render any professional services rendered or to be rendered by that corporation in this state. A professional corporation may render professional services outside of this state, but only through employees who are licensed to render the same professional services in the jurisdiction or jurisdictions in which the person practices. Nothing in this section is intended to prohibit the rendition of occasional professional services in another jurisdiction as an incident to the licensee's primary practice, so long as it is permitted by the governing agency that regulates the particular profession in the jurisdiction. Nothing in this section is intended to prohibit the rendition of occasional professional services in this state as an incident to a professional employee's primary practice for a foreign professional corporation qualified to render professional services in this state, so long as it is permitted by the governing agency that regulates the particular profession in this state.

(b) Subject to Section 13404.5, a foreign professional corporation qualified to render professional services in this state may lawfully render professional services in this state, but only through employees who are licensed persons, and shall render professional services outside of this state only through persons who are licensed to render the same professional services in the jurisdiction or jurisdictions in which the person practices. The foreign professional corporation may employ persons in this state who are not licensed in this state, but those persons shall not render any professional services rendered or to be rendered by the corporation in this state.

(c) Nothing in this section or in this part is intended to, or shall, augment, diminish or otherwise alter existing provisions of law, statutes or court rules relating to services by a California attorney in another jurisdiction, or services by an out-of-state attorney in California. These existing provisions, including, but not limited to, admission pro hac vice and the taking of depositions in a jurisdiction other than the one in which the deposing attorney is admitted to practice, shall remain in full force and effect.

13406. (a) Subject to the provisions of subdivision (b), shares of capital stock in a professional corporation may be issued only to a licensed person or to a person who is licensed to render the same professional services in the jurisdiction or jurisdictions in which the person practices, and any shares issued in violation of this restriction shall be void. Unless there is a public offering of securities by a professional corporation or by a foreign professional

corporation in this state, its financial statements shall be treated by the Commissioner of Corporations as confidential, except to the extent that such statements shall be subject to subpoena in connection with any judicial or administrative proceeding, and may be admissible in evidence therein. No shareholder of a professional corporation or of a foreign professional corporation qualified to render professional services in this state shall enter into a voting trust, proxy, or any other arrangement vesting another person (other than another person who is a shareholder of the same corporation) with the authority to exercise the voting power of any or all of his or her shares, and any such purported voting trust, proxy or other arrangement shall be void.

(b) A professional law corporation may be incorporated as a nonprofit public benefit corporation under the Nonprofit Public Benefit Corporation Law under either of the following circumstances:

(1) The corporation is a qualified legal services project or a qualified support center within the meaning of subdivisions (a) and (b) of Section 6213 of the Business and Professions Code.

(2) The professional law corporation otherwise meets all of the requirements and complies with all of the provisions of the Nonprofit Public Benefit Corporation Law, as well as all of the following requirements:

(A) All of the members of the corporation, if it is a membership organization as described in the Nonprofit Corporation Law, are persons licensed to practice law in California.

(B) All of the members of the professional law corporation's board of directors are persons licensed to practice law in California.

(C) Seventy percent of the clients to whom the corporation provides legal services are lower income persons as defined in Section 50079.5 of the Health and Safety Code, and to other persons who would not otherwise have access to legal services.

(D) The corporation shall not enter into contingency fee contracts with clients.

(c) A professional law corporation incorporated as a nonprofit public benefit corporation that is a recipient in good standing as defined in subdivision (c) of Section 6213 of the Business and Professions Code shall be deemed to have satisfied all of the filing requirements of a professional law corporation under Sections 6161.1, 6162, and 6163 of the Business and Professions Code.

13407. Shares in a professional corporation or a foreign professional corporation qualified to render professional services in this state may be transferred only to a licensed person, to a

shareholder of the same corporation, to a person licensed to practice the same profession in the jurisdiction or jurisdictions in which the person practices, or to such professional corporation, and any transfer in violation of this restriction shall be void.

A professional corporation may purchase its own shares without regard to any restrictions provided by law upon the repurchase of shares, if at least one share remains issued and outstanding.

If a professional corporation or a foreign professional corporation qualified to render professional services in this state shall fail to acquire all of the shares of a shareholder who is disqualified from rendering professional services in this state or of a deceased shareholder who was, on his or her date of death, licensed to render professional services in this state, or if such a disqualified shareholder or the representative of such a deceased shareholder shall fail to transfer said shares to the corporation, to another shareholder of the corporation, to a person licensed to practice the same profession in the jurisdiction or jurisdictions in which the person practices, or to a licensed person, within 90 days following the date of disqualification, or within six months following the date of death of such shareholder, as the case may be, then the certificate of registration of such corporation may be suspended or revoked by the governmental agency regulating the profession in which such corporation is engaged. In the event of such suspension or revocation such corporation shall cease forthwith to render professional services in this state.

13408. The following shall be grounds for the suspension or revocation of the certificate of registration of a professional corporation or a foreign professional corporation qualified to render professional services in this state: (a) if all shareholders who are licensed persons of such corporation shall at any one time become disqualified persons, or (b) if the sole shareholder shall become a disqualified person, or (c) if such corporation shall knowingly employ or retain in its employment a disqualified person, or (d) if such corporation shall violate any applicable rule or regulation adopted by the governmental agency regulating the profession in which such corporation is engaged, or (e) if such corporation shall violate any statute applicable to a professional corporation or to a foreign professional corporation, or (f) any ground for such suspension or revocation specified in the Business and Professions Code relating to the profession in which such corporation is engaged.

In the event of such suspension or revocation of its certificate of registration such corporation shall cease forthwith to render professional services in this state.

13408.5. No professional corporation may be formed so as to cause any violation of law, or any applicable rules and regulations, relating to fee splitting, kickbacks, or other similar practices by physicians and surgeons or psychologists, including, but not limited to, Section 650 or subdivision (e) of Section 2960 of the Business and Professions Code. A violation of any such provisions shall be grounds for the suspension or revocation of the certificate of registration of the professional corporation. The Commissioner of Corporations or the Director of the Department of Managed Health Care may refer any suspected violation of such provisions to the governmental agency regulating the profession in which the corporation is, or proposes to be engaged.

13409. (a) A professional corporation may adopt any name permitted by a law expressly applicable to the profession in which such corporation is engaged or by a rule or regulation of the governmental agency regulating such profession. The provisions of subdivision (b) of Section 201 shall not apply to the name of a professional corporation if such name shall contain and be restricted to the name or the last name of one or more of the present, prospective, or former shareholders or of persons who were associated with a predecessor person, partnership or other organization or whose name or names appeared in the name of such predecessor organization, and the Secretary of State shall have no authority by reason of subdivision (b) of Section 201 to refuse to file articles of incorporation which set forth such a name; provided, however, that such name shall not be substantially the same as the name of a domestic corporation, the name of a foreign corporation qualified to render professional services in this state which is authorized to transact business in this state, or a name which is under reservation for another corporation. The Secretary of State may require proof by affidavit or otherwise establishing that the name of the professional corporation complies with the requirements of this section and of the law governing the profession in which such professional corporation is engaged. The statements of fact in such affidavits may be accepted by the Secretary of State as sufficient proof of the facts.

(b) A foreign professional corporation qualified to render professional services in this state may transact intrastate business in this state by any name permitted by a law expressly applicable to the profession in which the corporation is engaged, or by a rule or regulation of the governmental agency regulating the rendering of

professional services in this state by the corporation. The provisions of subdivision (b) of Section 201 shall not apply to the name of a foreign professional corporation if the name contains and is restricted to the name or the last name of one or more of the present, prospective, or former shareholders or of persons who were associated with a predecessor person, partnership, or other organization, or whose name or names appeared in the name of the predecessor organization, and the Secretary of State shall have no authority by reason of subdivision (b) of Section 201 to refuse to issue a certificate of qualification to a foreign professional corporation that sets forth that name in its statement and designation; provided, however, that such a name shall not be substantially the same as the name of a domestic corporation, the name of a foreign corporation qualified to render professional services in the state, or a name that is under reservation for another corporation. The Secretary of State may require proof by affidavit or otherwise establishing that the name of the foreign professional corporation qualified to render professional services in this state complies with the requirements of this section and of the law governing the profession in which the foreign professional corporation qualified to render professional services in this state proposes to engage in this state. The statements of fact in such affidavits may be accepted by the Secretary of State as sufficient proof of the facts.

13410. (a) A professional corporation or a foreign professional corporation qualified to render professional services in this state shall be subject to the applicable rules and regulations adopted by, and all the disciplinary provisions of the Business and Professions Code expressly governing the practice of the profession in this state, and to the powers of, the governmental agency regulating the profession in which such corporation is engaged. Nothing in this part shall affect or impair the disciplinary powers of any such governmental agency over licensed persons or any law, rule or regulation pertaining to the standards for professional conduct of licensed persons or to the professional relationship between any licensed person furnishing professional services and the person receiving such services.

(b) With respect to any foreign professional corporation qualified to render professional services in this state, each such governmental agency shall adopt rules, regulations, and orders as appropriate to restrict or prohibit any disqualified person from doing any of the following:

(1) Being a shareholder, director, officer, or employee of the

Appendix B California State Agency Websites

Accountant	http://www.dca.ca.gov/cba
Acupuncturist	http://www.acupuncture.ca.gov
Architect	http://www.cab.ca.gov
Attorney	http://www.calbar.org
Chiropractor	http://www.chiro.ca.gov
Licensed Clinical Social Worker	http://www.bbs.ca.gov
Marriage and Family Therapist	http://www.bbs.ca.gov
Optometrist	http://www.optometry.ca.gov
Osteopath	http://www.docboard.org
Pharmacy	http://www.pharmacy.ca.gov
Physician	http://www.medbd.ca.gov
Physician Assistant	http://www.physicianassistant.ca.gov
Podiatrist	http://www.dca.ca.gov/bpm
Psychologist	http://www.psychboard.ca.gov
Registered Nurse	http://www.rn.ca.gov
Speech- Language Pathologist/Audiologist	http://www.dca.ca.gov/slab
Veterinarian	http://www.vmb.ca.gov

Appendix C-1

Professional Corporations Statement for the Articles of Incorporation

ARTICLES OF INCORPORATION OF BOZO D. CLOWN, M.D., INC.

ARTICLE I

The name of this corporation is **BOZO D. CLOWN, M.D., INC.**

ARTICLE II

This corporation is a professional corporation within the meaning of Part 4 of Division 3 of Title I of the California Corporations Code. The purpose of the corporation is to engage in the profession of medicine and any other lawful act or activity (other than the banking business or the trust company business) not prohibited to a corporation engaging in such profession by applicable laws and regulations.

ARTICLE III

The name in this state of the corporation's initial agent for service of process is:

**Bozo D. Clown, M.D., Inc.
Any Address, California**

ARTICLE IV

This corporation is authorized to issue one class of shares which shall be designated as "common" shares. The total number of such shares which this corporation is authorized to issue is one hundred thousand (100,000).

ARTICLE V

(a) The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California Law.

(b) This corporation is authorized to provide for, whether by bylaw, agreement or vote of shareholders or disinterested directors, or otherwise, the indemnification of agents, as that term is defined in Section 317 of the California General Corporation Law, against breach of duty to the corporation and its stockholders, in excess of the indemnification otherwise permitted by said Section 317, to the fullest extent such

indemnification may be authorized hereby, subject to the limits on such excess indemnification set forth in Section 204 of the California General Corporation Law.

(c) As provided in Section 317 of the California General Corporation Law, this corporation is authorized to procure insurance for agents, as that term is defined in said Section 317, of any company in which this corporation owns all or a portion of the shares, provided that either of the conditions set forth in said Section 317 with respect to the procurement of such insurance is satisfied.

(d) Any repeal or modification of the foregoing provisions of this Article V by the shareholders of this corporation shall not adversely affect any right or protection of a director or agent of this corporation existing at the time of such repeal or modification.

Dated: January 18, 2002

Carol K. Lucas, Incorporator

Appendix C-2

Professional Corporations Bylaws

BYLAWS OF BOZO D. CLOWN, M.D., INC.

Preamble. This corporation is a professional corporation organized and operated under the laws of the State of California applicable to professional corporations. This corporation is subject to the rules of the California Medical Board.

OFFICES

PRINCIPAL OFFICE. The Board of Directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of California, and shall have full power and authority to change the location of such office within said State and may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

MEETINGS OF SHAREHOLDERS

Section 1. **PLACE OF MEETINGS.** Meetings of shareholders shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation.

ANNUAL MEETING. The annual meeting of shareholders shall be held each year on a date and at a time designated by the Board of Directors. At each annual meeting directors shall be elected by the holders of the corporation's Common Stock, and any other proper business may be transacted.

SPECIAL MEETINGS. A special meeting of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the Board of Directors, or by the Chairman of the Board, or by the President, or by one or more shareholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board, the President, any Vice President or the Secretary of the corporation. The officer receiving the request shall cause notice to be normally given to the shareholders entitled to vote, in accordance with the provisions of Sections 4 and 5 of

this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 shall be construed as limiting, fixing or affecting the time when a meeting of shareholders called by action of the Board of Directors may be held.

NOTICE OF SHAREHOLDERS' MEETINGS. All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the holders of the corporation's Common Stock. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) an amendment of the articles of incorporation, pursuant to Section 902 of that Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of that Code, (iv) a voluntary dissolution of the corporation, pursuant to Section 1900 of that Code, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall also state the general nature of that proposal.

MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE. Notice of any meeting of shareholders shall be given either personally or by first class mail or telegraphic or other written communication, charges prepaid, addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If no such address appears on the corporation's books or is given, notice shall be deemed to have been given if sent to that shareholder by first class mail or telegraphic or other written communication to the corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address, all future notices or reports shall be

deemed to have been duly given without further mailing if these shall be available to the shareholder on written demand of the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting shall be executed by the Secretary, Assistant Secretary or any transfer agent of the corporation giving the notice, and shall be filed and maintained in the minute book of the corporation.

QUORUM. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

ADJOURNED MEETING; NOTICE. Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares of Common Stock represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 6 of this Article II.

When any meeting of shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any such adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 4 and 5 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

VOTING. The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 11 of this Article II, subject to the provisions of Sections 702 to 704, inclusive, of the Corporations Code of California. The shareholders' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder before the voting has begun. On any matter other than elections of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares that the shareholder is entitled to vote. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting

and entitled to vote on any matter (other than the election of directors) shall be the act of the shareholders, unless the vote of a greater number of voting by classes is required by California General Corporation Law or by the articles of incorporation.

At a shareholders' meeting at which directors are to be elected, no shareholder shall be entitled to cumulate votes (i.e., cast for any one or more candidates a number of votes greater than the number of the shareholder's shares) unless the candidates' names have been placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of the shareholder's intention to cumulate votes. If any shareholder has given such notice, then every shareholder entitled to vote may cumulate votes for candidates in nomination and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among any or all of the candidates, as the shareholder thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

WAIVER OF NOTICE OR CONSENT BY ABSENT SHAREHOLDERS. The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice of consent need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 4 of this Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding Series A Common shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of election of directors, such

a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors; provided, however, that a director may be elected at any time to fill a vacancy on the Board of Directors that has not been filled by the directors, by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors. All such consents shall be filed with the Secretary of the corporation and shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholder's proxy holders, or a transferee of the shares or a personal representative of the shareholder or their respective proxy holders, may revoke the consent by a writing received by the Secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the Secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such shareholders shall not have been received, the Secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. This notice shall be given in the manner specified in Section 5 of this Article II. In the case of approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) indemnification of agents of the corporation, pursuant to Section 317 of that Code, (iii) a reorganization of the corporation, pursuant to Section 1201 of that Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

RECORD DATE FOR SHAREHOLDER NOTICE, VOTING AND GIVING CONSENTS. For purposes of determining the shareholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in this event only shareholders of record on the date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the California General Corporation Law.

If the Board of Directors does not so fix a record date:

1. The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

2. The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the

board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the board has been taken, shall be at the close of business on the day on which the board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

PROXIES. Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the corporation.

A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the shareholder or the shareholder's attorney in fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before its next exercise, by a writing delivered to the corporation stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Corporations Code of California.

CHAIRMAN AND SECRETARY OF MEETING. The President, or in the absence of the President, the Vice President, shall call the meeting of the shareholders to order, and shall act as Chairman of the meeting. In the absence of the President and all the Vice Presidents, shareholders shall appoint a chairman at such meeting.

The Secretary of the corporation shall act as Secretary of all meetings of the shareholders, but in the absence of the Secretary at any meeting of the shareholders, the presiding officer shall appoint any person to act as such Secretary of the meeting.

DIRECTORS

QUALIFICATIONS. All Directors of this corporation shall be "licensed persons," as such term is defined in Part 4 of Division 3 of Title 1 of the California Corporations Code, by Article 17 of Chapter 5 of Division 2 of the California Business and Professions Code, and by Subchapter 1 of Chapter 13 of Title 16 of the California Administrative Code. Directors shall also fulfill the following requirements:

3. Each Director shall be a licensed Physician and shall not become a "disqualified person," as that term is defined in Section 13401(d) of the California

Corporations Code (i.e., any licensed person who, for any reason, becomes legally disqualified (temporarily or permanently) to render professional services); and

4. Each Director shall abide by all applicable provisions of the Articles of Incorporation, these Bylaws, Rules and Regulations established from time to time by the Board of Directors, and any other governing documents of the corporation.

POWERS. Subject to the provisions of the California General Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The board may delegate the day-to-day operation of the business to a management company or other person provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

NUMBER OF DIRECTORS.

5. The authorized number of directors of the corporation until further changed shall be one (1).

6. The number of directors of the corporation as stated in paragraph (a) may be changed only by an amendment of paragraph (a) of this section of the Bylaws approved by the holders of a majority of the outstanding voting shares.

ELECTION AND TERM OF OFFICE OF DIRECTORS. Directors shall be elected for three-year terms at every third annual meeting of the shareholders, to hold office until the next such election. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

VACANCIES. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or a written consent of the shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each director so elected shall hold office until the next annual meeting of the shareholders at which directors are elected and until a successor has been elected.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation or removal of any director or if such director ceases to satisfy the qualifications set forth in Section 1 of this Article III, or if the Board of Directors by resolution declares vacant the office of a director who has been declared of

unsound mind by an order of court or convicted of a felony, or if the authorized number of directors is increased, or if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the number of directors to be voted for at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

Any director may resign effective on giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

REMOVAL OF DIRECTORS. The entire Board of Directors or any individual director named may be removed from office as provided by Sections 302, 303 and 304 of the California Corporations Code. In such case, the remaining board members may elect a successor director to fill such vacancy for the remaining unexpired term of the director so removed. No director may be removed (unless the entire board is removed) when the votes cast against removal or not consenting in writing to such removal would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of the directors most recent election would then be elected.

PLACE OF MEETINGS AND MEETINGS BY TELEPHONE. Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated in the notice of the meeting, or, if not stated in the notice or there is no notice, designated in these Bylaws or from time to time by resolution of the board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board shall be held at any place within or outside that State of California that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at the meeting.

ANNUAL MEETING. Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization,

any desired election of officers and the transaction of other business. Notice of this meeting shall not be required.

OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice, provided the time and place of such meeting has been fixed by the Board of Directors, and further provided the notice of any change in the time of such meeting shall be given to all the directors. Notice of a change in the determination of the time shall be given to each director in the same manner as notice for special meetings of the Board of Directors.

If this said day falls upon a holiday, such meetings shall be held on the next succeeding day thereafter.

SPECIAL MEETINGS/NOTICES. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board or the President or any Vice President or the Secretary or any director.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first class mail or telegram charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive Office of the corporation.

QUORUM. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 13 of this Article III. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of Section 310 of the Corporations Code of California (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 311 of that Code (as to appointment of committees), and Section 317(e) of that Code (as to indemnification of directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be or have been given to any director who attends the meeting without protesting before or at its commencement, the lack of notice to that director.

ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 9 of this Article III, to the directors who were not present at the time of the adjournment.

ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

FEES AND COMPENSATION OF DIRECTORS. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursements of expenses, as may be fixed or determined by resolution of the Board of Directors. This Section 16 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise, and receiving compensation for those services.

COMMITTEES

COMMITTEES OF DIRECTORS. The Board of Directors may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent member at any meeting of the committee. Any committee, to the extent provided in the resolution of the Board, shall have all authority of the Board, except with respect to:

7. the approval of any action which, under the General Corporation Law of California, also requires shareholders' approval or approval of the outstanding shares;
8. the filling of vacancies on the Board of Directors or in any committee;
9. the fixing of compensation of the directors for serving on the Board or on any committee;
10. the amendment or repeal of these Bylaws or the adoption of new Bylaws;
11. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
12. a distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range set forth in the articles or determined by the Board of Directors; or
13. the appointment of any other committees of the Board of Directors or the members of these committees.

Each such committee shall be designated an Executive Committee or by such other name as the Board shall specify. Committees shall have the power to act only between meetings of the Board of Directors. Consistent with these Bylaws, the Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

MEETINGS AND ACTION OF COMMITTEES. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Sections 7 (place of meetings), 9 (regular meetings), 10 (special meetings and notice), 11 (quorum), 12 (waiver of notice), 13 (adjournment), 14 (notice of adjournment), and 15 (action without meeting), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee; special meetings of committees may also be called by resolution of the Board of Directors; and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ADVISORY COMMITTEES. The Board of Directors may, by resolution adopted by the majority of directors, establish one or more advisory committees, each consisting of at least one director and such other persons, who need not be directors, officers or shareholders of the Corporation, as the Board of Directors deems appropriate, which shall have no authority to act for the Board, but rather shall advise the Board as it requests.

OFFICERS

QUALIFICATIONS. Except as otherwise permitted in applicable law, all officers of this corporation shall be "licensed persons," as such term is defined in Part 4 of Division 3 of Title 1 of the Corporations Code, and shall meet the minimum qualifications to serve as officers of a medical professional corporation, as set forth in Article 17 of Chapter 5 of Division 2 of the California Business and Professions Code, and by Subchapter 1 of Chapter 13 of Title 16 of the California Administrative Code. Officers need not be Directors of the corporation.

OFFICERS. The officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Financial Officers and Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 4 of this Article V. Any number of offices may be held by the same person.

APPOINTMENT OF OFFICERS. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 4 or Section 6 of this Article V, shall be appointed by the Board of Directors, and each

shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

14. Any officer appointed by the Board of Directors may be removed from office at any time by the Board of Directors, with or without cause or prior notice. Any officer not appointed by the Board of Directors may be removed from office at any time by the officer by whom appointed or by the Board of Directors with or without cause or prior notice.

15. When authorized by the Board of Directors, any officer may be appointed for a specified term under a contract of employment. Notwithstanding that such officer is appointed for a specified term or under the contract of employment, any such officer may be removed from office at any time pursuant to paragraph (a) above and shall have no claim against the corporation on account of such removal other than for such monetary compensation as the officer may be entitled to under the terms of the contract of employment.

SUBORDINATE OFFICERS. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine. The Board may delegate to the President or any other officer or committee the power to appoint any such subordinate officers, committees or agents, to specify their duties and authority, and to determine their compensation.

REMOVAL AND RESIGNATION OF OFFICERS. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors. Removal shall require a simple majority agreement of a quorum of Directors at a duly called meeting, or of all Directors then in office if such action is by written consent.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

VACANCIES IN OFFICES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

CHAIRMAN OF THE BOARD. The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be assigned to him from time to time by the Board of Directors or prescribed by these Bylaws. If there is no President, the Chairman of the Board shall in addition be the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in Section 8 of this Article V.

PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and the officers of the corporation. He shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

VICE PRESIDENTS. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or these Bylaws, and the President, or the Chairman of the Board.

SECRETARY. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings or committee meetings, the number of shares present or represented at shareholders' meetings, and a summary of the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board of Directors, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors required by these Bylaws or by law to be given, and he shall keep the seal of the corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these Bylaws.

CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

INDEMNIFICATION. The corporation is authorized to indemnify the directors and officers of the corporation to the fullest extent permissible under California law. The right of indemnification hereby given shall not be exclusive of any other rights such person may have whether by law or under any agreement, insurance policy, Board of Directors, or shareholders, or otherwise.

INSURANCE. The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability.

LIABILITY. The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

RECORDS AND REPORTS

MAINTENANCE AND INSPECTION OF SHARE REGISTER. The corporation shall keep at its principal executive office, or at the office of its transfer agent or

registrar, if either be appointed and as determined by resolution of the Board of Directors, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each shareholder.

A shareholder or shareholders of the corporation holding at least five percent (5%) in the aggregate of the outstanding Series A Common shares of the corporation may (i) inspect and copy the records of shareholders' names and addresses and shareholdings during usual business hours on five days prior written demand on the corporation, and (ii) obtain from the transfer agent of the corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the shareholders' names and addresses, who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the shareholder after the date of demand. This list shall be made available to any such shareholder by the transfer agent on or before the later of five (5) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled. The record of shareholders shall also be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. Any inspection and copying under this Section 1 may be made in person or by an agent or attorney of the shareholder or holder of a voting trust certificate making the demand.

MAINTENANCE AND INSPECTION OF BYLAWS. The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of these Bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in this state, the Secretary shall, upon the written request of any shareholder, furnish to that shareholder a copy of these Bylaws as amended to date.

MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS. The minutes of proceedings of the shareholders and the Board of Directors and any committee or committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form. The minutes shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts. These rights of inspection shall extend to the records of each subsidiary corporation of the corporation.

INSPECTION BY DIRECTORS. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

ANNUAL REPORT TO SHAREHOLDERS. So long as the corporation has fewer than 100 holders of record of its shares no annual report to shareholders referred to in Section 1501 of the California General Corporation Law shall be required, and the requirement to the contrary in said Section 1501 is hereby expressly waived, but nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the shareholders of the corporation as they consider appropriate.

FINANCIAL STATEMENTS. A copy of any annual financial statement and any income statement of the corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the corporation as of the end of each period, that has been prepared by the corporation shall be kept on file in the principal executive office of the corporation for twelve (12) months and each such statement shall be exhibited at all reasonable times to any shareholder demanding an examination of any such statement or a copy shall be mailed to any such shareholder.

If a shareholder or shareholders holding at least five percent (5%) of the outstanding shares of any class or series of stock of the corporation makes a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, and a balance sheet of the corporation as of the end of that period, the Chief Financial Officer shall cause that statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the request. If the corporation has not sent to the shareholders its annual report for the last fiscal year, this report shall likewise be delivered or mailed to the shareholder or shareholders within thirty (30) days after the request.

The corporation shall also, on the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual or quarterly income statement which it has prepared, and a balance sheet as of the end of that period.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

ANNUAL STATEMENT OF GENERAL INFORMATION; OTHER REPORTS.

The corporation shall, in a timely manner, in each year, file with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the authorized number of directors, the names and complete business or residence addresses of all incumbent directors, complete business or residence addresses of the Chief Executive Officer, Secretary, and Chief Financial Officer, the street address of its principal executive office or principal business office in this state, and the general type of business constituting the principal business activity of the corporation, together with a designation of the agent of the corporation for the purpose of service of process, all in compliance with Section 1502 of the Corporations Code of California.

GENERAL CORPORATE MATTERS

RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING. For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other lawful action (other than action by share holders by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only shareholders of record on the date so fixed are entitled to receive the dividends, distribution or allotment of rights or to exercise the rights, as

the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in the California General Corporation Law.

If the Board of Directors does not so fix a record date, the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

CORPORATE CONTRACTS AND INSTRUMENTS; HOW EXECUTED. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

CERTIFICATES FOR SHARES. Certificates for shares shall be of such form and device as the Board of Directors may designate and shall state the name of the record holder of the shares represented thereby; its number and date of issuance; the number of shares for which it is issued; a statement of the rights, privileges, preferences and restrictions, if any; a statement as to the redemption or conversion, if any; a statement of the liens or restrictions upon transfer of voting, if any; and if the shares be accessible, or if assessments are collectable by personal action, a plain statement of such facts. A certificate or certificates for shares of the capital stock of the corporation shall be issued to each shareholder when any of these shares are fully paid, and the Board of Directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the corporation by the Chairman of the Board or Vice Chairman of the Board or the President or Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent, or registrar before that certificate is issued, it may be issued by the

corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue. Each certificate shall bear on its face and reverse the legends which may be prescribed by the California General Corporation Laws and the securities laws of the State of California and the United States.

LOST OR DESTROYED CERTIFICATES. Except as provided in this Section 5, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the corporation and cancelled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the board may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate. Any shareholder claiming a certificate of stock to be lost, stolen, or destroyed shall make an affidavit or affirmation of that fact prior to the issuance of such replacement certificate.

REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The Chairman of the Board, the President, or any Vice President, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority granted to these officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised by any of these officers in person or by any person authorized to do so by a proxy duly executed by these officers.

CONSTRUCTION AND DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

AMENDMENTS

AMENDMENT BY SHAREHOLDERS. New bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of fifty percent (50%) of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the corporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of the Articles of Incorporation.

AMENDMENT BY DIRECTORS. Subject to the rights of the shareholders as provided in Section 1 of this Article IX, bylaws, other than a bylaw or an amendment of a bylaw changing the authorized number of directors, may be adopted, amended or repealed upon the affirmative vote of fifty percent (50%) of the directors then in office.

REPORTS OF AMENDMENTS. All amendments to these Bylaws shall be promptly recorded in the minute book of the corporation and promptly reported, as necessary, to the California Medical Board.

ARTICLE X

PROFESSIONAL REQUIREMENTS

ISSUANCE OF SHARES. The shares of the corporation shall be issued only to a licensed person as defined by Section 13401(c) of the Corporations Code and shall be transferred only to a licensed person or to the corporation.

TRANSFER OF SHARES. Shares of the corporation may not be transferred. A transfer or purported transfer of shares of this corporation to any unlicensed person or in violation of the rules of the California Medical Board is void.

PROHIBITED DISTRIBUTIONS TO SHAREHOLDERS. No income of the corporation attributable to professional services rendered while any shareholder is a disqualified person as defined in the Professional Corporations Act shall in any manner be distributed or accrue to the benefit of such shareholder or his shares in this corporation.

REPURCHASE OF SHARES. This corporation may repurchase its outstanding shares without regard to any restriction provided by law upon the repurchase of shares, provided only that at least one (1) voting share remains issued and outstanding.

SHARES OF DECEASED, RETIRED OR DISQUALIFIED SHAREHOLDER. If this corporation shall have two or more shareholders and one of its shareholders dies, retires, ceases to be an eligible shareholder, or becomes a disqualified person, his shares shall be sold and transferred to this corporation. A shareholder shall become a "disqualified person" if such person shall (i) cease to be licensed as a physician, (ii) cease to be an executive officer of the corporation, or (iii) cease, in the opinion of a majority of the Board of Directors, to be an active participant in the corporation. The purchase price for such shares shall be the price originally paid for such shares by such shareholder. Such sale shall be consummated not later than ninety (90) days after the date such shareholder dies, retires or becomes a disqualified person. If such shareholder shall fail or refuse to tender his shares for purchase, then upon the last day for the sale required by this Section, the corporation may cancel all of such shares without the necessity of the physical surrender of the certificates evidencing such shares and such deceased, retired,

ineligible, or disqualified shareholder shall upon such cancellation cease to be a shareholder of this corporation. Nothing in this Section shall in any way impair any of the rights of any such retired, disqualified or ineligible shareholder or representative of such deceased shareholder to claim just compensation for the fair value of his shares.

TERMINATION OF PROFESSIONAL LICENSE. In the event of revocation, withdrawal, surrender or cancellation of the Certificate of Registration of this corporation as a professional corporation, the corporate existence of this corporation shall not be affected, the validity of its outstanding shares shall not be impaired, and the corporation shall not be wound up or dissolved except as provided in the General Corporation Law of the State of California.

**CERTIFICATE OF SECRETARY
OF
BOZO D. CLOWN, M.D., INC.
(A CALIFORNIA CORPORATION)**

I hereby certify that I am the duly elected and acting Secretary of said corporation and that the foregoing Bylaws, comprising 19 pages, constitute the Bylaws of said corporation as duly adopted by the Board of Directors thereof.

DATED: _____, 2002

Bozo D. Clown, M.D., Secretary

Appendix C-3

Medical Board of California Fictitious Name Permit Application

COMMON REASONS FOR REJECTION OF FICTITIOUS NAME PERMITS

The Medical Board of California receives approximately 1,225 Fictitious Name Permit (FNP) applications per year. In the past, the review of the FNP applications was done by Board members. This process was cumbersome because members met and approved permits at quarterly meetings. Over the years, in an effort to streamline the process, FNP review has been delegated to staff of the Medical Board. However, the process can still be time-consuming because of the volume and because applicants frequently may not read or follow instructions provided on the application.

The Medical Board staff continues to work to streamline the process further, and to assure timely service we are asking physicians and their attorneys to take the time to carefully review and complete the application. Some of the common errors that applicants make on the application are:

1. A photo copy of the application is submitted. Photo copies are hard to read. Only original copies of the green application will be accepted. The green color of the application helps identify current revision of the application.
2. Applicants are using the fictitious names they are applying for prior to the application being approved. Many times the name is already taken or is too similar to existing names. Reservations for names will not be accepted.
3. The fictitious name in item 7 does not comply with the statutory requirements as listed on the back side of the application. The name must contain the word "medical" followed by either "group", "clinic", "associates", "center", "office", or "corporation."
4. The applicant applies as a corporation but does not denote corporate existence in his or her fictitious name in item 7.
5. The Federal Employee Identification Number (FEIN) or social security number is not listed in item 6.
6. The complete name of the corporation and California Corporation number are not listed in item 4.
7. Copies of original and amended Articles of Incorporation are not submitted with the application. (Item 4) The Medical Board needs to ensure the corporation is active and is a professional medical corporation.
8. When applying as a corporation with multiple shareholders, the applicant does not submit the section of bylaws referring to transfer of shares when a shareholder becomes deceased or ineligible. (Item 4)
9. If one or more of the shareholders is not a licensed physician and surgeon, the applicant fails to include a document listing all shareholders verifying their percentage of shares. (Item 4)
10. The \$50.00 application fee is not submitted with the application issued to the Medical Board of California.

Information to assist in the completion of the application is provided on the back of the application. Please refer to this information or the instruction pamphlet if needed. If you have any additional questions, please call (916) 263-2384

Addendum

For Podiatrists Only

Effective January 1, 2001, name style requirements for podiatrists requesting a fictitious name permit from the Medical Board have been changed. Measure A.B. 2888 has amended Business and Professions Code 2415 (b) (3) to read as follows:

The name under which the applicant or applicants propose to practice is not deceptive, misleading, or confusing, and contains one of the following designations: "medical group," "medical clinic," "medical corporation," "medical associates," "medical center," or "medical office." In the case of doctors of podiatric medicine, the same designations may be used substituting the words "podiatric medical," "podiatric surgical," "podiatry," "podiatrists," "foot," "foot and ankle," "foot care," "foot health," or "foot specialist" for the word "medical."

Questions can be answered by calling a Fictitious Name Permit Coordinator at (916) 263-2384.

Answers
To
Frequently
Asked
Questions
Regarding
The
Issuance
Of
A
Fictitious
Name
Permit

Medical Board of California

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Introduction

This booklet has been prepared to answer some frequently asked questions regarding the issuance of a Fictitious Name Permit (FNP) to a licensed physician. Many questions have been answered in a "table format" allowing for easier reading and comprehension. A "See" table has been included and follows the answer to each question. The "See" table lists the code section(s) from which the answer is taken and to which you may refer. The table below lists the California codes you will find referenced in the "See" tables.

Code Legend	
B&P	Business and Professions Code
CCR	California Code of Regulations, Title 16
CCC	California Corporations Code

The purpose of a Fictitious Name Permit is to allow a licensed physician to practice under a name other than his or her own that would otherwise be a violation of State law. For your informational purposes, some codes sections have been included and are reprinted at the end of this booklet. Additionally, attached to this booklet is an "Application for a Fictitious Name Permit" and its filing instructions. Before completing this application, please read and follow the instructions carefully. Due to the large number of FNP applications we receive, please allow at least six weeks for us to complete the processing of your application. Please complete the application accurately, as any omitted items or incomplete statements will only prolong the review process and possibly be cause for the rejection of your application. We understand that some applicants will be waiting for an approved permit in order to apply to other agencies. Please understand that we review and process applications in date received order.

If you desire verification that our office has received your application, please send your application by registered or certified mail. Upon review and approval of your application we will mail the permit to you. If your application is incomplete, requires additional information or if there is a problem with the proposed name, we will notify you in writing.

It is important that all applicants note that Title 16 California Code of Regulations Section 1350.2(c) states:

"No licensed person shall render professional services using a fictitious, false or assumed name or any name other than his or her own unless and until a fictitious name permit has been issued by the division." [Emphasis added.]

After reading this booklet, if you need additional information or have questions you may contact a Fictitious Name Permit Coordinator at (916) 263-2384.



Frequently Asked Questions

Fictitious Name Permit



1. When is a Fictitious Name Permit required?

A Fictitious Name Permit is required when a licensee desires to use any name other than his or her own either alone, in conjunction with a partnership or group, or as the name of a professional corporation, in any public communication, announcement, sign, or advertisement of his or her practice.

Note: Licensees who contract with, are employed by, or are on the staff of, any clinic licensed by the State Department of Health Services under Chapter 1 (commencing with Section 1200) of Division 2 of the Health and Safety Code or any medical school approved by the Medical Board of California's Division of Licensing or a faculty practice plan connected with such a medical school are exempt from this requirement.

See	B&P §2272, §2285 and §2415
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2. Who can apply for a Fictitious Name Permit?

Any physician and surgeon as a sole proprietor, or in a partnership, group or professional corporation can apply for a Fictitious Name Permit. The professional practice must be wholly owned and controlled by the applicant(s), and the application must be signed by a licensed person who is a member of the group or clinic or by an officer of the professional corporation.

Note: The Board does not license the business and therefore, for tracking purposes all Fictitious Name Permits issued are cross referenced by the name of each physician and surgeon applicant and/or shareholder.

See	B&P §2285, §2415 and §2416; and CCR §1349 and §1350
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3. Is a Fictitious Name Permit required if a licensee desires to include a particular medical specialty along with his or her name?

No if the licensee is using his or her own name on an advertisement and the medical specialty, if included, is a general statement about the licensee's medical specialty and the reference to the specialty is not or does not appear to be part of the name under which the licensee practices.

Example	Dr. Jane A. Doe, M.D. Specializing in Thoracic Surgery <i>(Licensee practices under the namestyle "Dr. Jane A. Doe, M.D.")</i>
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Yes if the licensee (or a professional corporation) wishes to include a medical specialty designation as part of his, her or its namestyle.

Example	Dr. Jane A. Doe, M.D. Thoracic Surgery <i>(Licensee practices under the namestyle "Dr. Jane A. Doe, M.D., Thoracic Surgery")</i>
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See	CCR §1350.3
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Fictitious Name Permit



4. Can a Fictitious Name Permit be issued to an applicant who files as a corporation but has yet to be granted corporate status by the Secretary of State?

No.

A corporation must be organized and exist pursuant to the general corporation law and be a professional corporation within the meaning of the Moscone Knox Professional Corporations Act.

See	CCR §1343; and CCC §13400 et seq.
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5. Can a Fictitious Name Permit be issued to a general corporation?

No.

A corporation must be organized and exist pursuant to the general corporation law and be a professional corporation within the meaning of the Moscone Knox Professional Corporations Act.

See	B&P §2406 and §2408; CCR §1343; and CCC §13400 et seq.
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6. Is there a restriction on the number of Fictitious Name Permits an individual, partnership, group or corporation can be issued?

No.

7. What is the effective date of a Fictitious Name Permit?

All Fictitious Name Permits issued are made effective on the date of approval of the application. The division may, for good cause, issue a permit with the effective date retroactive to the date on which the application or initial permit fee were filed (which ever last occurred). The effective date recorded by the Division will be reflected on the Fictitious Name Permit.

See	CCR §1350.2
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8. Does a permit holder have to get a separate Fictitious Name Permit for each name or "d.b.a." (doing business as) under which the holder will be practicing?

Yes.

A Fictitious Name Permit is required when a licensee desires to use any name other than his or her own either alone, in conjunction with a partnership or group, or as the name of a professional corporation, in any public communication, announcement, sign, or advertisement of his or her practice.

Note: Licensees who contract with, are employed by, or are on the staff of, any clinic licensed by the State Department of Health Services under Chapter 1 (commencing with Section 1200) of Division 2 of the Health and Safety Code or any medical school approved by the Medical Board of California's Division of Licensing or a faculty practice plan connected with such a medical school are exempt from this requirement.

See	B&P §2272, §2285 and §2415
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Fictitious Name Permit

9. Are there name style requirements for a Fictitious Name Permit?

Yes. See the table below:

Name Style			
Applicant	Requirements	Examples	Additionally
An Individual (Sole Proprietor)	<p>The proposed name cannot be deceptive, misleading, or so similar to a previously authorized name as to cause confusion, and must contain one of the following designations.</p> <ol style="list-style-type: none"> 1. Medical Group 2. Medical Clinic 3. Medical Associates 4. Medical Center 5. Medical Office 6. Medical corporation* <p>The selected designation must be contiguous in the proposed name to be used and cannot be separated by intervening words. See examples of appropriate name styles in the next column.</p> <p>* Only a professional corporation within the meaning of the Moscone Knox Professional Corporations Act may use this designation. See "Corporation" later in this table.</p>	<p>The Pediatric Medical Center</p> <p>The Evening Hours Medical Office</p> <p>A Closer Look Medical Clinic</p>	<p>A group or clinic containing physicians and surgeons cannot use a designation containing the word "podiatry" or "podiatrists."</p>
Group	Same as above.	<p>The No Appointment Medical Center</p> <p>Jones Medical Clinic</p> <p>Smith, Doe & Jones Medical Associates</p>	Same as above.

Fictitious Name Permit

Name Style			
Applicant	Requirements	Examples	Additionally
Corporation	<p>If the proposed name is other than that on page 6, a Fictitious Name Permit is required. The proposed name cannot be deceptive, misleading, or so similar to a previously authorized name as to cause confusion, and must contain one of the following designations.</p> <ol style="list-style-type: none"> 1. Medical Group 2. Medical Clinic 3. Medical Associates 4. Medical Center 5. Medical Office 6. Medical corporation* <p>The selected designation must be contiguous in the proposed name to be used and cannot be separated by intervening words. In addition, the proposed name must contain one of the word(s) or abbreviation(s) denoting corporate existence listed below:</p> <ol style="list-style-type: none"> 1. Medical Corporation 2. Medical Corp. 3. Podiatry Corporation 4. Podiatry Corp. 5. Professional Corporation. 6. Prof. Corp. 7. Corporation 8. Corp. 9. Incorporated 10. Inc. 	<p>Dr. John A. Smith, M.D., Medical Office, Inc.</p> <p>First Medical Clinic, A Medical Corp.</p> <p>Smith & Jones Medical Associates, A Prof. Corp.</p> <p>The Night Shift Medical Center, Corp.</p>	
<p>Special Note: CCR 1349 precludes partnership agreement(s) in which fees are combined or shared between a physician and surgeon(s) and a podiatrist(s) or any other licensed professional, not a physician and surgeon.</p>			
<p>See Business and Professions codes 2285, 2407, 2415, 2416, and 17500; California Code of Regulations 1344, 1347, 1349, and 1350.3</p>			

Fictitious Name Permit

Name Style, continued			
Applicant	Requirements	Examples	Additionally
Partnership	Same as Individual or Group.	<p>Smith and Jones Medical Associates</p> <p>The South Street Medical Center</p> <p>The Liposuction Surgery & Medical Clinic</p> <p>The Allergy & Dermatology Medical Group</p>	
Corporation	<p>If <u>only</u> the name or surname of one or more present, prospective or former shareholders who are physicians or podiatrists is used or used along with one of the following words or corporate designations, a Fictitious Name Permit is <u>not</u> required. Such names do not constitute a fictitious name for purposes of B&P §2285.</p> <ol style="list-style-type: none"> 1. Medical Doctor 2. M.D. 3. Podiatrist 4. Doctor of Podiatric Medicine 5. D.P.M. 6. Medical Corporation 7. Medical Corp. 8. Podiatry Corporation 9. Podiatry Corp. 10. Professional Corporation 11. Prof. Corp. 12. Corporation 13. Corp. 14. Incorporated 15. Inc. 	<p>Smith & Jones Medical Corp. (Surnames of one current and one former physician shareholders.)</p> <p>Dr. John A. Smith, M.D., Incorporated (Complete name of a current physician shareholder.)</p> <p>Dr. Joseph P. Doe, Inc. (Complete name of the current physician and sole shareholder.)</p> <p><i>Note: A licensee whose desires a Fictitious Name Permit though one may not be required, will be required to comply with all applicable laws, including the name style requirements.</i></p>	<p>A professional corporation with a majority of physicians and surgeons as shareholders, officers and directors cannot use the designations "Podiatry Corporation" or "Podiatry Corp."</p> <p><u>A group or clinic containing both corporate and noncorporate entities cannot use wording or abbreviations denoting corporate existence.</u></p> <p><u>A partnership of corporations cannot use wording or abbreviations denoting corporate existence.</u></p>

Fictitious Name Permit

10. Within a professional corporation are certain individuals required to hold a professional license?

Yes. Each director or officer, shareholder, and professional employee. See the table below for the type of professional license required.

Professional Corporation -- License Requirements		
Directors or Officers	<p>Each director or officer of a medical corporation, with the exception of the assistant secretary or assistant treasurer must hold a valid and current license as one of the following:</p> <ol style="list-style-type: none">1. Physician and Surgeon2. Podiatrist3. Psychologist4. Registered Nurse5. Optometrist6. Marriage, Family and Child Counselor7. Clinical Social Worker8. Physician's Assistant9. Chiropractor10. Acupuncturist	<p>A person who will be using a business title such as executive vice president, chief executive officer, executive secretary, or any other title denoting an administrative function within the corporation is exempt.</p>
Shareholders	<p>Each shareholder must hold a valid and current license as one of the following:</p> <ol style="list-style-type: none">1. Physician and Surgeon2. Podiatrist3. Psychologist4. Registered Nurse5. Optometrist6. Marriage, Family and Child Counselor7. Clinical Social Worker8. Physician's Assistant9. Chiropractor10. Acupuncturist	<p>Individuals holding professional licenses in Items 2 through 10 may be shareholders in a medical corporation so long as they own no more than 49% of the total shares issued by the medical corporation and the total number of those individuals does not exceed the number of physicians owning shares in the corporation.</p>
Professional Employees	<p>Each professional employee whether or not a director, officer or shareholder must hold a valid and current license as one of the following:</p> <ol style="list-style-type: none">1. Physician and surgeon2. Podiatrist3. Psychologist4. Registered Nurse5. Optometrist6. Marriage, Family and Child Counselor7. Clinical Social Worker8. Physician's Assistant9. Chiropractor10. Acupuncturist	
See Business and Professions Code 2406, and 2408; California Code of Regulations 1343; and California Corporations Code 13401, 13401.5, 13403, 13405, 13406, and 13407		



11. Can a Fictitious Name Permit be issued to a foreign (out-of-state) medical corporation?

No.

Currently, State law does not authorize the formation of foreign professional corporations except for those related to accountancy and law.

Note: A "foreign professional corporation" means a corporation organized under the laws of a state of the United States other than the State of California that is engaged in a profession of a type for which there is authorization in the Business and Professions Code for the performance of professional services by a foreign corporation.

Currently, the Business and Professions Code does not contain any provisions which authorize the formation of foreign medical corporations. Physicians should not enter into agreements with a "foreign corporation" to practice medicine in California. Such agreements could be cause for unprofessional conduct charges being filed against the licensee.

<i>See</i>	<i>B&P §5154, §6151, and CCC §13400 et seq.</i>
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12. Is a Fictitious Name Permit issued for use at a specific practice location only?

No. The Division does not issue permits by location. A permit allows a licensee to use the fictitious name, as approved, in his or her legal medical practice within the State of California.

13. How often must a Fictitious Name Permit be renewed?

A Fictitious Name Permit must be renewed every two years. The current biennial renewal fee is \$40.00.

<i>See</i>	<i>B&P § 2415 and §2443</i>
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14. Is a permit holder required to notify the Division of Licensing of changes to information contained in their Fictitious Name Permit Application?

Yes with respect to certain information. Please see the table below:

CHANGES IN:		
Ownership	Yes.	The approval for the issuance of the existing permit was based on the previous owner's application. The new owner(s) must submit an application for the continued use of the name or for a new name.
Shareholders	Yes.	Part of the approval for the issuance of the existing permit was based on the Division's determination that each shareholder held the appropriate professional license. Changes in shareholders should be reported to the Division for its review.
Professional Employees	No.	The Board does not keep track of the employment of its licensees. However, only individuals listed in the License Requirements Table may be a professional employee of a medical corporation.
Mailing Address	Yes.	B&P §136 requires that you notify the Board in writing within 30 days of any mailing address change.



Code Excerpts



Code Excerpts

Practice Under False or Fictitious Name

Business and Professions Code, Division 2, Chapter 5, Article 12, Section 2285

The use of any fictitious, false, or assumed name, or any name other than his or her own by a licensee either alone, in conjunction with a partnership or group, or as the name of a professional corporation, in any public communication, advertisement, sign, or announcement of his or her practice without a fictitious-name permit obtained pursuant to Section 2415 constitutes unprofessional conduct. This section shall not apply to licensees who contract with, are employed by, or are on the staff of, any clinic licensed by the State Department of Health Services under Chapter 1 (commencing with Section 1200) of Division 2 of the Health and Safety Code or any medical school approved by the division or a faculty practice plan connected with such a medical school.

Fictitious Name Permits

Business and Professions Code, Division 2, Chapter 5, Article 18, Section 2415, Subsections (a), (b)(1), and (b)(2)

(a) Any physician and surgeon or any doctor of podiatric medicine, as the case may be, who as a sole proprietor, or in a partnership, group, or professional corporation, desires to practice under any name that would otherwise be a violation of Section 2285 may practice under that name *if the proprietor, partnership, group, or corporation obtains and maintains* in current status a fictitious-name permit issued by the Division of Licensing, or, in the case of doctors of podiatric medicine, the California Board of Podiatric Medicine, under the provisions of this section. *[Emphasis added.]*

(b)(1) The applicant or applicants or shareholders of the professional corporation hold valid and current licenses as physicians and surgeon or doctors of podiatric medicine, as the case may be.

(b)(2) The professional practice of the applicant or applicants is wholly owned and entirely controlled by the applicant or applicants.

Application

Title 16 California Code of Regulations, Section 1350(b)

The application shall be signed by a licensed person who is a member of the group or clinic or by an officer of the professional corporation, as the case may be, requesting the use of such name.



**Medical Board of California
Division of Licensing**

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Health Law

Experience

Carol Lucas joined the Los Angeles office of Fulbright & Jaworski L.L.P. in 2001, as senior counsel. Her practice focuses on health law matters with emphasis in mergers, acquisitions, private placements, joint ventures, entity formation and general corporate representation of public and private companies in the healthcare industry.

Over the last several years, Ms. Lucas has developed significant expertise in the organization and representation of ambulatory surgery centers in a variety of medical specialties including plastic and cosmetic surgery, orthopedic surgery, and pain management.

Professional Activities and Memberships

Ms. Lucas serves as co-chair of the California State Bar's recently established Ad Hoc Committee on Health Law. She has previously served as a member and officer of the State Bar's Corporations Committee and is a member of its legal opinion task force.

Ms. Lucas has spoken at conferences on a variety of topics including multiple payor issues in risk contracting, the future of physicians, venture capital financing from the issuer's perspective, and liability for utilization review decisions.

Ms. Lucas is admitted to practice in California and New York.

Education

Ms. Lucas received a B.A., *magna cum laude*, from the University of Rochester in 1979 and a J.D., *cum laude*, from New York University School of Law in 1982, where she was a member of the *Annual Survey of American Law* and the Order of the Coif. She was admitted to practice law in New York in 1983 and California in 1990.